
By: **Delegate Harrison**
Introduced and read first time: February 7, 2003
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Other than Life Insurance, Health Insurance, and Annuities -**
3 **Offers of Educational or Promotional Materials**

4 FOR the purpose of prohibiting a person from knowingly offering, promising, or
5 giving valuable consideration not specified in a policy of insurance other than
6 life insurance, health insurance, or annuities except for certain educational
7 materials, promotional materials, or articles of merchandise in certain
8 circumstances; and generally relating to rebates or inducements for insurance
9 other than life insurance, health insurance, or annuities.

10 BY repealing and reenacting, without amendments,
11 Article - Insurance
12 Section 27-209
13 Annotated Code of Maryland
14 (2002 Replacement Volume and 2002 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article - Insurance
17 Section 27-212
18 Annotated Code of Maryland
19 (2002 Replacement Volume and 2002 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - Insurance**

23 27-209.

24 Except as otherwise expressly provided by law, a person may not knowingly:

25 (1) allow, make, or offer to make a contract of life insurance or health
26 insurance or an annuity contract or an agreement as to the contract other than as
27 plainly expressed in the contract;

1 (2) pay, allow, give, or offer to pay, allow, or give directly or indirectly as
2 an inducement to the insurance or annuity:

3 (i) a rebate of premiums payable on the contract;

4 (ii) a special favor or advantage in the dividends or other benefits
5 under the contract;

6 (iii) paid employment or a contract for services of any kind; or

7 (iv) any valuable consideration or other inducement not specified in
8 the contract;

9 (3) directly or indirectly give, sell, purchase, offer or agree to give, sell, or
10 purchase, or allow as inducement to the insurance or annuity or in connection with
11 the insurance or annuity, regardless of whether specified in the policy or contract, an
12 agreement that promises returns and profits, or stocks, bonds, or other securities, or
13 a present or contingent interest in or measured by stocks, bonds, or other securities,
14 of an insurer or other corporation, association, or partnership, or dividends or profits
15 accrued or to accrue on stocks, bonds, or other securities; or

16 (4) offer, promise, or give any valuable consideration not specified in the
17 contract, except for educational materials, promotional materials, or articles of
18 merchandise that cost less than \$10 (adjusted for inflation, using the Consumer Price
19 Index - All Urban Consumers), regardless of whether a policy is purchased.

20 27-212.

21 (a) This section does not apply to life insurance, health insurance, and
22 annuities.

23 (b) Except to the extent provided for in an applicable filing with the
24 Commissioner as provided by law, an insurer, employee or representative of an
25 insurer or insurance producer may not pay, allow, give, or offer to pay, allow, or give
26 directly or indirectly as an inducement to insurance or after insurance has become
27 effective:

28 (1) a rebate, discount, abatement, credit, or reduction of the premium
29 stated in the policy;

30 (2) a special favor or advantage in the dividends or other benefits to
31 accrue on the policy; or

32 (3) any valuable consideration or other inducement not specified in the
33 policy.

34 (c) An insured named in a policy or an employee of the insured may not
35 knowingly receive or accept directly or indirectly a rebate, discount, abatement,
36 credit, reduction of premium, special favor, advantage, valuable consideration, or
37 inducement described in subsection (b) of this section.

1 (D) EXCEPT AS OTHERWISE PROVIDED BY LAW, A PERSON MAY NOT
2 KNOWINGLY OFFER, PROMISE, OR GIVE ANY VALUABLE CONSIDERATION NOT
3 SPECIFIED IN THE POLICY, EXCEPT FOR EDUCATIONAL MATERIALS, PROMOTIONAL
4 MATERIALS, OR ARTICLES OF MERCHANDISE THAT COST LESS THAN \$10 (ADJUSTED
5 FOR INFLATION, USING THE CONSUMER PRICE INDEX - ALL URBAN CONSUMERS),
6 REGARDLESS OF WHETHER A POLICY IS PURCHASED.

7 [(d)] (E) (1) An insurer may not make or allow unfair discrimination
8 between insureds or properties having like insuring or risk characteristics in:

- 9 (i) the premium or rates charged for insurance;
- 10 (ii) the dividends or other benefits payable on the insurance; or
- 11 (iii) any of the other terms or conditions of the insurance.

12 (2) Notwithstanding any other provision of this section, an insurer may
13 not make or allow a differential in ratings, premium payments, or dividends for a
14 reason based on the sex, physical handicap, or disability of an applicant or
15 policyholder unless there is actuarial justification for the differential.

16 [(e)] (F) This section does not prohibit an insurer from:

- 17 (1) paying commissions or other compensation to licensed insurance
18 producers; or
- 19 (2) allowing or returning to its participating policyholders, members, or
20 subscribers lawful dividends, savings, or unabsorbed premium deposits.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
22 effect October 1, 2003.